

Washington, DC – Rep. Peter DeFazio (OR-4) today voted to protect American consumers from abusive practices and predatory lending in the mortgage industry. H.R. 1728, the Mortgage Reform and Anti-Predatory Lending Act, outlaws many of the egregious mortgage industry practices that caused the subprime lending boom. Subprime loans are ultimately at the heart of the current economic crisis. The bill also marks a key step in the overhaul of the nation’s financial regulations.

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“Over the past few years too many within the industry have acted out of self interest instead of the best interest of their clients. Quite simply, people were sold, often unknowingly, mortgages they could not afford,” DeFazio said. “I was happy to support this common sense legislation which will reregulate the mortgage industry and protect consumers from this type of predatory behavior.”

Specifically, the Mortgage Reform and Anti-Predatory Lending Act ensures that mortgage lenders make loans that benefit the consumer and prohibits them from steering borrowers into higher cost loans. It will, in effect, prevent borrowers from deliberately misstating their income to qualify for a loan. For the first time ever, it holds accountable all of those who originate, sell and buy loans, including those on Wall Street who buy up and bundle mortgages for profit. The legislation also establishes standards for all home loans which require institutions to ensure that borrowers can repay the loans they are sold. Finally, it requires that all mortgage refinancing loans benefit the consumer and encourages the market to move back toward fully documented loans.

“For far too long we have ignored the interests of consumers and relaxed regulatory standards in the name of free market fantasies,” DeFazio continued. “This legislation is a concrete step toward restoring the financial footing of our financial system, and protecting consumers from deceptive marketing.”

